

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Peterson Post Office
Peterson, Minnesota

Docket No. A2012-113

COMMENTS OF THE PUBLIC REPRESENTATIVE

(March 16, 2012)

I. INTRODUCTION AND BACKGROUND

On January 6, 2012, the Commission docketed a petition to review the Postal Service's determination to close the Peterson Post Office.¹ On January 20, 2012, the Commission issued an order instituting the current review proceedings, appointing the undersigned Public Representative, and establishing a procedural schedule.² On January 23, 2012, the Postal Service filed an electronic version of the administrative record concerning its decision to close the Peterson Post Office.³ On March 1, 2012, the Postal Service filed comments supporting its closure determination.⁴

¹ Letter by Mayor, Jennifer M. Wood, January 6, 2012 (Petition). The Petitioner did not file a Participant Statement.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, January 20, 2012 (Order No. 1156).

³ United States Notice of Filing Administrative Record, January 23, 2012 (AR).

⁴ United States Postal Service Comments Regarding Appeal, March 1, 2012 (Postal Service Comments).

II. POSITIONS OF THE PARTIES

A. The Petitioner

Petitioner Wood presents three arguments in opposition to the Postal Service's decision to close the Peterson Post Office: (1) the Postal Service did not consider the effect the closing would have on postal services provided to Peterson customers; (2) the Postal Service did not consider the effect of the closing on the Peterson, MN community; and (3) the Postal Service will not save money, in the long run, from the closing. Petition at 1.

Petitioner Wood notes that the Peterson community has over 25 businesses that rely on the Postal Service. *Id.* She also notes that Peterson has a large population of senior citizens who would have to drive over 10 miles to the nearest post office. *Id.* She asserts that driving to a nearby post office would be difficult, particularly during winter months. *Id.*

B. The Postal Service

On March 1, 2012, the Postal Service filed comments in lieu of the answering brief permitted by Order No. 1156. In that filing, the Postal Service supports its decision to close the Peterson on the basis that it has (1) followed the proper procedural requirements of 39 U.S.C. 404(d); (2) considered the impact on the Peterson community; (3) considered the effect of the closing on postal services provided to Peterson customers; and (4) properly considered the economic savings that would result from the closing. Postal Service Comments at 3-12. In addition, the Postal Service states that while the savings from any given initiative may seem small, the savings can make a difference when added together. *Id.* at 12.

III. ADEQUACY OF THE POSTAL SERVICE'S FINAL DETERMINATION

After careful review of the Postal Service's Final Determination, the materials in the Administrative Record, the arguments presented by Petitioner, and the Postal Service Comments, the Public Representative concludes that the Postal Service's final determination to close the Peterson Post Office should be remanded. In determining to

close the Peterson Post Office, the Postal Service failed to: (1) adequately consider the economic savings; and (2) sufficiently consider its ability to provide regular and effective postal services.

A. Economic Savings

The Postal Service has not adequately considered the economic savings from closing the Peterson Post Office. The Postal Service calculates the economic savings using a new methodology.⁵ Table III-A-1 shows the estimated first-year savings from closing the Peterson Post Office.

Table III-A-1
Proposed First-Year Savings from Closing the Peterson Post Office

	Existing Costs	Costs Under Proposal	First-Year Operating Savings
	[1]	[2]	[3]=[1]+[2]
Components:			
Building Maintenance	\$0	\$0	\$0
Utilities	\$1,516	\$0	\$1,516
Transportation	\$0	\$7,793	(\$7,793)
EAS Craft & Labor	\$64,567	\$0	\$64,567
Contracts	\$247	\$0	\$247
Rent	\$4,500	\$0	\$4,500
Total	\$70,830	\$7,793	\$63,037

Source: AR, Item No. 8 at 1

There are issues with the following three components used to develop the first-year savings: Transportation, EAS Craft & Labor, and Contracts.

Transportation. The Postal Service fails to provide a description of the transportation component. The Public Representative assumes the transportation

⁵ See AR, Item No. 8 at 1, which displays the Postal Service's economic savings estimates. Under this new methodology, the Postal Service estimates savings for the first-year after the closing. Then, the Postal Service projects the first-year savings (\$63,037) to ten-year savings (\$533,427). However, the Postal Service does provide the method it used to determine the projected ten-year savings.

component represents the cost to provide rural carrier service to the existing 63 P.O. Box customers. The Postal Service does not provide its methodology for estimating that replacement rural carrier service would cost \$7,793 annually. AR, Item No. 8 at 1. The decision should be remanded so that the Postal Service could provide the underlying methodology it used to develop the cost estimate.

EAS Craft & Labor. The Postal Service's economic savings calculations use the salary and benefits of an EAS-11 level office. However, including the savings related to the postmaster's salary and benefits is misleading. The Administrative Record notes that the postmaster retired on June 24, 2008. AR, Item No. 35 at 8. Currently, a Postmaster Relief (PMR) is assigned to the Peterson Post Office. *Id.* Thus, the Postal Service's economic savings calculations should incorporate the salary of the PMR.

The Postal Service contends that its savings estimates are supported by the record. Postal Service Comments at 12. However, on the contrary, the record suggests that the current salary-related cost for the Peterson Post Office is for a PMR. Thus, the Postal Service's economic savings calculations should reflect the PMR's salary. In addition, the Public Representative notes that since the Peterson Post Office has operated without postmaster since 2008, it is likely that the Postal Service would continue to employ a PMR at the Peterson Post Office.

Contracts. The Postal Service does not provide details on the contract cost component related to the Peterson Post Office. Without more information concerning the contract cost component, it is difficult to determine if this component should be included in the annual economic savings calculations. The Public Representative notes, however, that since Peterson Post Office's contract costs are relatively small, the costs will have little impact on the total amount of economic savings. Nevertheless, to make its Administrative Record more transparent, the Postal Service should clearly explain all components related to its economic savings estimates.

B. Effective and Regular Postal Services

The Postal Service also has not sufficiently considered the impact of closing the Peterson Post Office on maintaining effective and regular postal services. Currently, there are 63 P.O. Box customers at the Peterson Post Office. AR, Item No. 1 at 1. However, the Administrative Record does not report how many post office boxes are available at the Rushford Post Office – the proposed administrative office. Should all 63 Peterson PO Box holders want to continue their service, it is not clear if the Rushford Post Office can accommodate these customers. The Postal Service should have considered the amount of available boxes at the proposed replacement office prior to determining to close the Peterson Post Office.

VI. CONCLUSION

For the reasons set forth above, the decision of the Postal Service to close the Peterson Post Office should be remanded.

Respectfully Submitted,

/s/ Derrick D. Dennis
Derrick D. Dennis
Public Representative

901 New York Avenue, N.W.
Washington, D.C. 20268-0001
(202) 789-6835; Fax (202) 789-6891
derrick.dennis@prc.gov